

TEACHERS' RETIREMENT BOARD  
INVESTMENT COMMITTEE

SUBJECT: Alternative Investments  
Activity Status Report

ITEM NUMBER: 11

ATTACHMENT(S): 3

ACTION: \_\_\_\_\_

DATE OF MEETING: June 5, 2002

INFORMATION: X

PRESENTER(S): Réal Desrochers

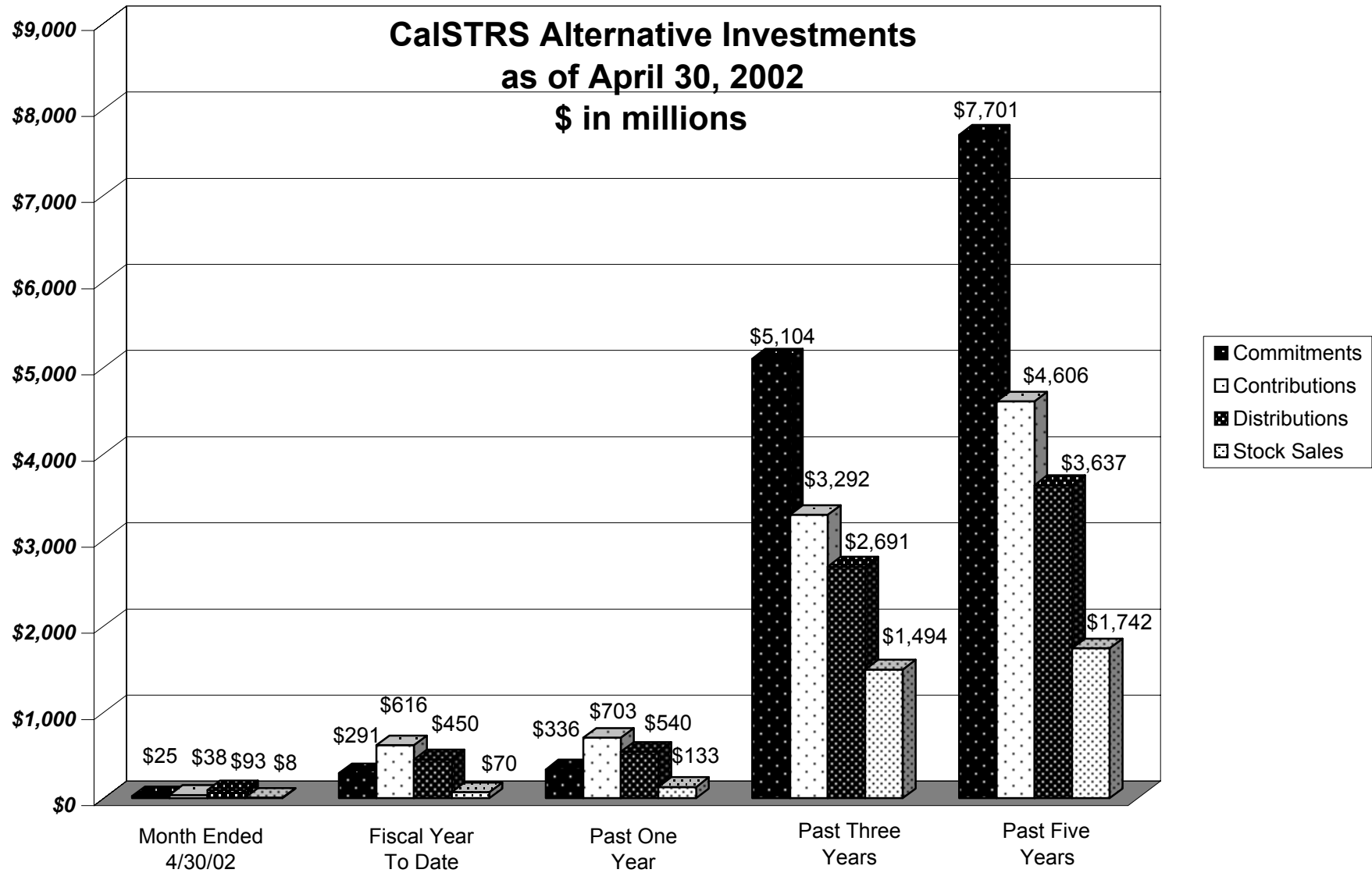
The table below contains Alternative Investment activity for the month of April 2002 and historical information for selected time periods.

	Month Ended 04/30/02	Fiscal Year To Date	Past One Year	Past Three Years	Past Five Years
<u>Commitments:</u>					
Partnerships	\$ 25,000,000	\$ 276,485,000	\$ 276,485,000	\$ 4,811,785,000	\$ 7,399,666,013
Co-Investments	0	12,500,000	57,879,584	219,011,854	219,011,854
Secondaries	0	2,047,424	2,047,424	72,820,841	82,114,669
	<b>\$ 25,000,000</b>	<b>\$ 291,032,424</b>	<b>\$ 336,412,008</b>	<b>\$ 5,103,617,695</b>	<b>\$ 7,700,792,536</b>
<u>Contributions:</u>					
Partnerships	\$ 32,602,432	\$ 569,089,111	\$ 641,471,132	\$ 3,035,159,051	\$ 4,323,815,979
Co-Investments	2,121,213	24,944,721	35,539,977	149,531,732	149,531,732
Secondaries	0	3,336,212	3,394,739	68,660,746	76,422,575
Mgmt. Fees (Outside)	2,844,326	18,758,951	22,199,893	39,078,613	56,204,499
	<b>\$ 37,567,971</b>	<b>\$ 616,128,995</b>	<b>\$ 702,605,741</b>	<b>\$ 3,292,430,142</b>	<b>\$ 4,605,974,785</b>
<u>Distributions:</u>					
Cash	\$ 80,763,839	\$ 383,050,665	\$ 436,292,501	\$ 1,215,986,994	\$ 1,878,163,240
Stock	12,297,774	66,816,879	103,333,164	1,474,876,021	1,759,332,879
	<b>\$ 93,061,613</b>	<b>\$ 449,867,544</b>	<b>\$ 539,625,665</b>	<b>\$ 2,690,863,014</b>	<b>\$ 3,637,496,119</b>
Stock Sales	\$ 8,059,075	\$ 70,427,879	\$ 132,579,240	\$ 1,493,784,802	\$ 1,741,776,593

The chart presented in Attachment 1 illustrates the total amount of capital that CalSTRS has committed and contributed to its limited partnerships, co-investments, and secondary interests for the five year period ending April 30, 2002. The chart also illustrates the amount of distributions received and stock sold over the past five years. For the five year period ending April 30, 2002, CalSTRS has received total distributions of \$3.6 billion, representing 79% of contributed capital.

This report also presents a summary of the status of the portfolio at the quarter ended March 31, 2002. Attachment 2 presents approved allocations and targets to each Alternative Investment Sub-Category and shows CalSTRS' current exposure in each of the respective segments. As shown in the pie charts, CalSTRS' current exposure to each sub-category closely parallels approved targets and is well within the approved long-term target ranges.

Attachment 3 contains a summary of investment performance and portfolio exposure by market segment. Secondary interests, representing 6.9% of the portfolio, outperformed the other market segments followed closely by the venture capital segment, which represents 12.8% of the portfolio. These two market segments generated internal rates of return of 36.9% and 33.3%, respectively.



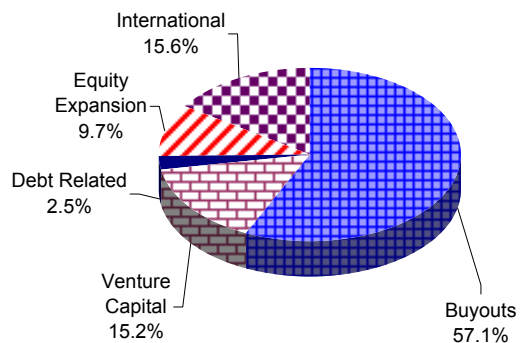
# Alternative Investments Allocations and Targets of Active Partnerships As of March 31, 2002 (\$000s)

Attachment 2  
Investment Committee - Item 11  
June 5, 2002

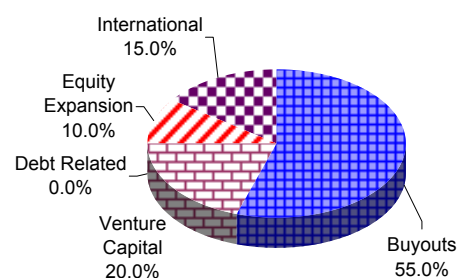
## Allocation by Partnership

Alternative Investment Sub-Category <sup>1</sup>	Market Value of Actual Partnership Strategies <sup>2</sup>	CalSTRS Market Value	Unfunded Commitments <sup>3</sup>	Market Value plus Unfunded Commitments (\$000s)	CalSTRS' Current Exposure	Long-Term Target Ranges	CalSTRS' Target
Buyouts	\$ 2,595,356	59.1%	\$ 2,386,489	\$ 4,981,845	<b>57.1%</b>	45-65%	55%
Venture Capital	\$ 600,197	13.7%	\$ 727,743	\$ 1,327,940	<b>15.2%</b>	10-30%	20%
Debt Related	\$ 175,589	4.0%	\$ 44,678	\$ 220,266	<b>2.5%</b>	0-5%	0%
Equity Expansion	\$ 418,132	9.5%	\$ 424,621	\$ 842,753	<b>9.7%</b>	5-15%	10%
International	\$ 599,479	13.7%	\$ 758,490	\$ 1,357,969	<b>15.6%</b>	10-25%	15%
<b>Total</b>	<b>\$ 4,388,753</b>	<b>100.0%</b>	<b>\$ 4,342,020</b>	<b>\$ 8,730,773</b>	<b>100.0%</b>		<b>100%</b>

CalSTRS Current Exposure



CalSTRS Target



## Notes:

<sup>1</sup> Market Value is based upon the actual strategy of the Partnership. Secondaries are included in Buyouts. Co-Investments are based on company investor

<sup>2</sup> Market Value of Active Partnerships is actual as of 12/31/01 adjusted for cash flows.

<sup>3</sup> The following table includes all commitments to active partnerships made through end of reporting month.

**Alternative Investments**  
**Statement of Investments (Totals by Market Segment) as of March 31, 2002**  
(in \$000's)

Attachment 3  
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Partnership	\$ Weighted Age in Years	Age in Years	CalSTRS' Commit.		Cum. Contrib Mar-02	Cum. Distrib. Mar-02	Unfunded Mar-02	Est. Market Value Mar-02	
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Total Active Buyout:	2.6	5.1	\$ 5,354,752		\$ 2,986,997	\$ 1,381,581	\$ 2,375,930	\$ 2,209,756	
Total Completed Buyout:	0.1	13.1	\$ 56,277		\$ 56,250	\$ 159,539	\$ -	\$ -	
Total Buyout:	2.7	5.5	\$ 5,411,029		\$ 3,043,247	\$ 1,541,120	\$ 2,375,930	\$ 2,209,756	

Total Active Debt:	0.4	8.7	\$ 302,037		\$ 257,360	\$ 235,470	\$ 44,678	\$ 175,589	
Total Completed Debt:	0.0	0.0	\$ -		\$ -	\$ -	\$ -	\$ -	
Total Debt:	0.4	8.7	\$ 302,037		\$ 257,360	\$ 235,470	\$ 44,678	\$ 175,589	

Total Active Equity Expansion:	0.7	5.7	\$ 1,025,288		\$ 600,667	\$ 1,111,735	\$ 424,621	\$ 390,507	
Total Completed Equity Expansion:	0.2	11.5	\$ 110,000		\$ 98,731	\$ 194,827	\$ -	\$ -	
Total Equity Expansion:	0.9	6.3	\$ 1,135,288		\$ 699,397	\$ 1,306,562	\$ 424,621	\$ 390,507	

Total Active International:	0.5	4.0	\$ 1,498,526		\$ 740,036	\$ 225,763	\$ 758,490	\$ 599,479	
Total Completed International:	0.0	0.0	\$ -		\$ -	\$ -	\$ -	\$ -	
Total International:	0.5	4.0	\$ 1,498,526		\$ 740,036	\$ 225,763	\$ 758,490	\$ 599,479	

Total Active Venture Capital:	0.7	4.9	\$ 1,581,500		\$ 861,257	\$ 935,716	\$ 720,243	\$ 562,467	
Total Completed Venture Capital:	0.0	0.0	\$ -		\$ -	\$ -	\$ -	\$ -	
Total Venture Capital:	0.7	4.9	\$ 1,581,500		\$ 861,257	\$ 935,716	\$ 720,243	\$ 562,467	

Total Active Co-Investment:	0.1	2.2	\$ 186,012		\$ 174,269	\$ 7,000	\$ 11,742	\$ 149,619	
Total Completed Co-Investment:	0.0	0.0	\$ 80,000		\$ 37,641	\$ 2,790	\$ -	\$ -	
Total Co-Investment:	0.1	2.3	\$ 266,012		\$ 211,911	\$ 9,790	\$ 11,742	\$ 149,619	

Total Active Secondary:	0.1	5.1	\$ 93,383		\$ 87,067	\$ 75,828	\$ 6,316	\$ 301,336	
Total Completed Secondary:	0.0	9.8	\$ 9,321		\$ 9,321	\$ 22,201	\$ -	\$ -	

**Alternative Investments**  
**Statement of Investments (Totals by Market Segment) as of March 31, 2002**  
(in \$000's)

Attachment 3  
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	<b>Total Secondary:</b>	<b>0.1</b>	<b>6.4</b>	<b>\$ 102,704</b>	<b>\$ 96,388</b>	<b>\$ 98,030</b>	<b>\$ 6,316</b>	<b>\$ 301,336</b>	
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	<b>Total Active Portfolio:</b>	<b>4.9</b>	<b>5.0</b>	<b>\$ 10,041,498</b>	<b>\$ 5,707,652</b>	<b>\$ 3,973,093</b>	<b>\$ 4,342,020</b>	<b>\$ 4,388,753</b>	
	<b>Total Completed Portfolio:</b>	<b>0.4</b>	<b>11.8</b>	<b>\$ 255,598</b>	<b>\$ 201,943</b>	<b>\$ 379,358</b>	<b>\$ -</b>	<b>\$ -</b>	
	<b>Total Portfolio:</b>	<b>5.3</b>	<b>8.4</b>	<b>\$ 10,297,096</b>	<b>\$ 5,909,594</b>	<b>\$ 4,352,451</b>	<b>\$ 4,342,020</b>	<b>\$ 4,388,753</b>	

	<b>Total Distributed Stocks Currently Held:</b>							<b>\$ 101</b>	
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	<b>Grand Total: Includes Total Portfolio and Total Distributed Stocks Currently Held:</b>			<b>\$ 10,297,096</b>	<b>\$ 5,909,594</b>	<b>\$ 4,352,451</b>	<b>\$ 4,342,020</b>	<b>\$ 4,388,854</b>	
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<b>Total Distributed Stocks Since Inception:</b>	<b>\$ 2,000,293</b>
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<b>Total Quarterly Return of Stocks Distributed 3:</b>	
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Notes:

- <sup>1</sup> Actual 12/31/01 IRRs.  
All internal rates of return (IRR) are calculated using quarterly cash flows and are net of management fees and expenses.
  - CalSTRS % ownership is based upon the original commitment amount.
  - Distribution dates and amounts represent those reported by the partnerships, and in the case of stock distributions, do not represent the actual proceeds received.
  - Contribution amounts reflect the impact of management fees charged by the partnerships.
- <sup>2</sup> % of Portfolio: Represents the Est. Market Value divided by the Total Market Value for the entire CalSTRS Portfolio.
- <sup>3</sup> Monthly time weighted rate of return for the quarter.